

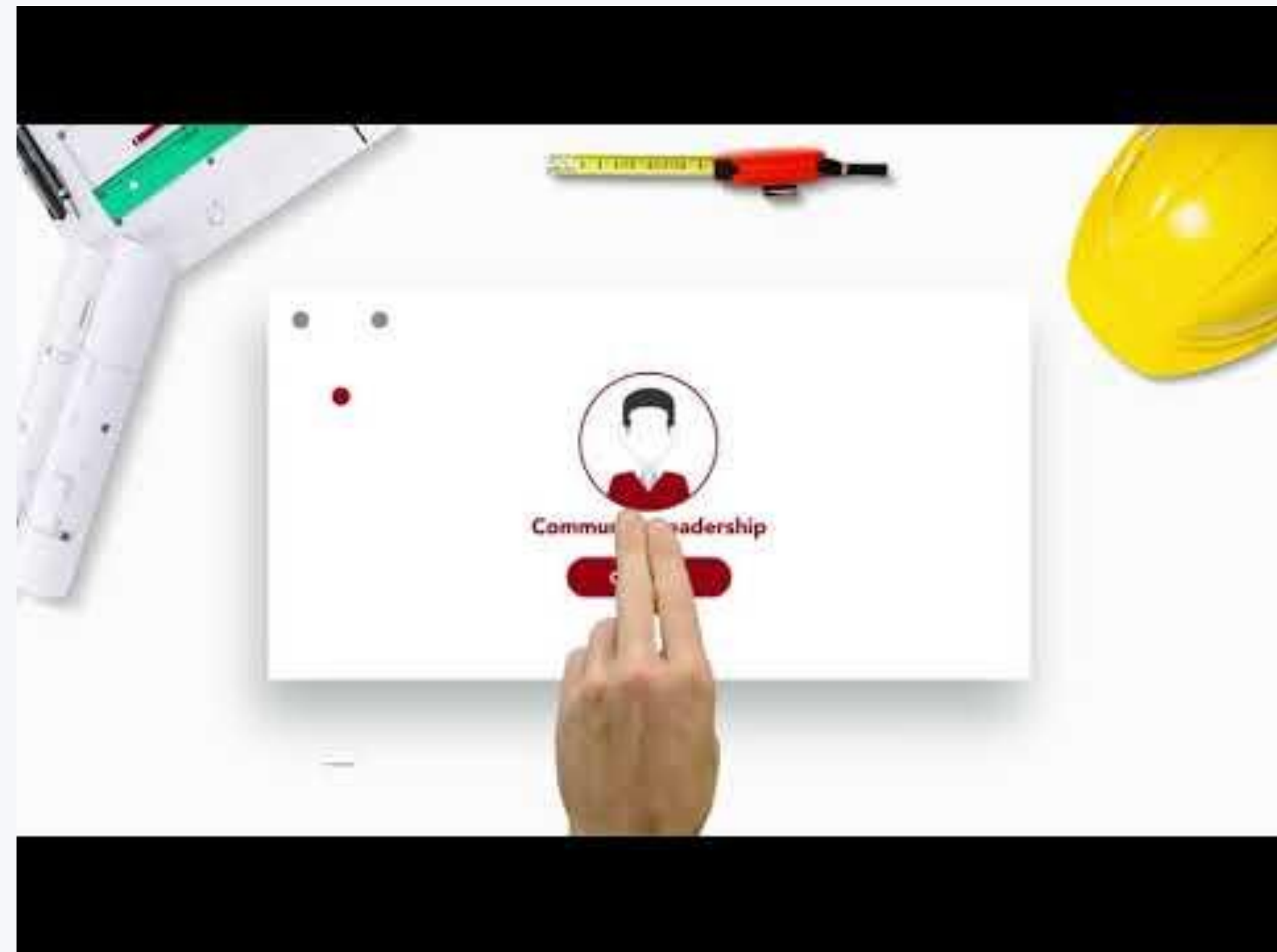


Spotswood Proposal City Council Meeting March 1, 2022



What We Do

- Redevelop infill sites that are important to the community but may not currently be the highest & best use.
- Quality housing that:
 - Keeps employees local
 - Supports local businesses
- Comprehensive redevelopments; old use to new use, a new chapter for the site.
- Owner/developer/operator. We're in it for the long-term & decisions are made accordingly as a future neighbor.
- Project portfolio:
echelonresourcesinc.com

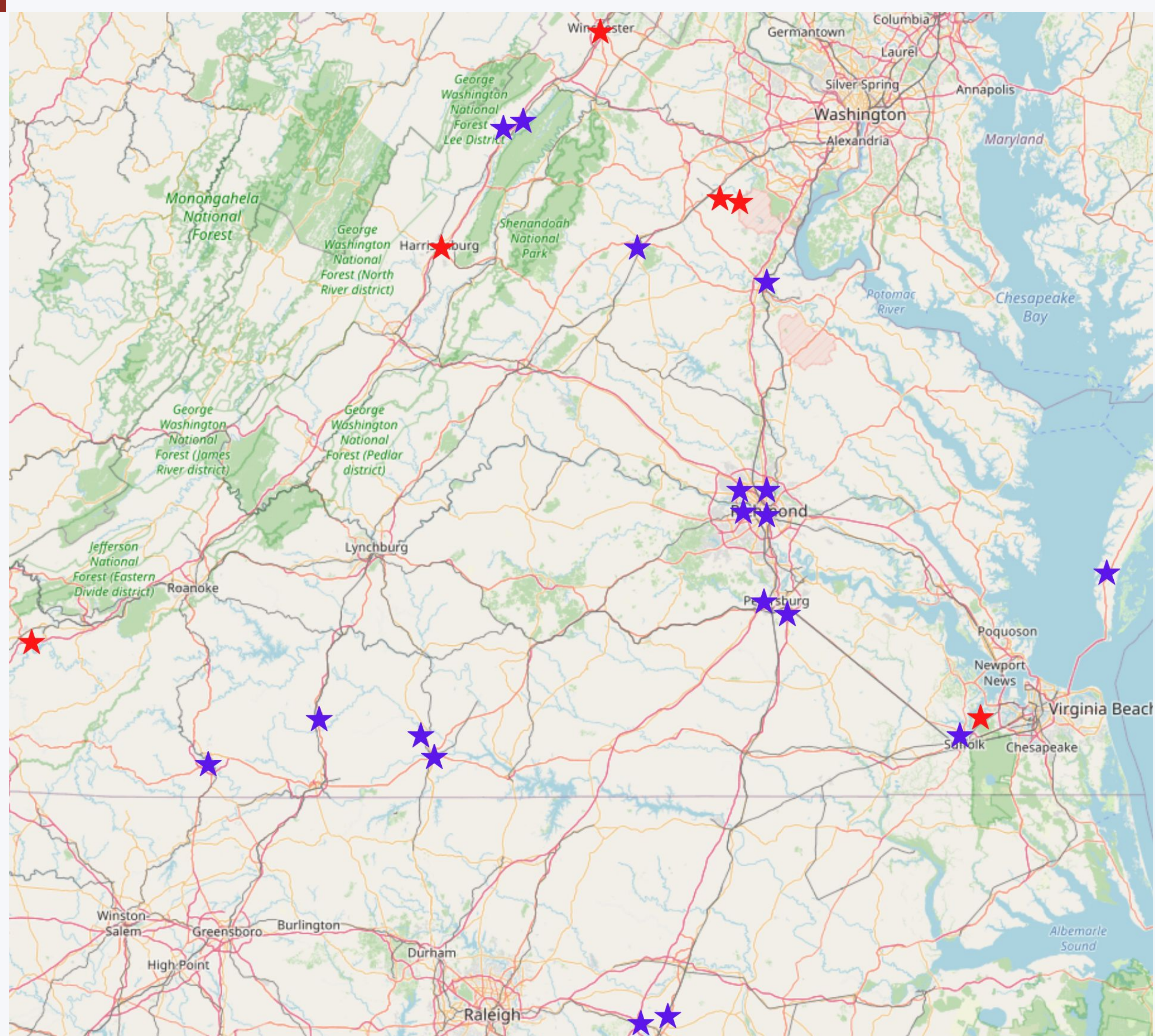


Why We Do What We Do

- Transforms sites into economic/financial positives
- Renewed relevance of the sites for future generations
- Produces new taxes, new jobs, new residents, new revenues for local businesses
- Creates high-quality spaces that reflect well on the host community
- Awards are nice, but it's even nicer to see our investments catalyzing additional development by others

Where We Are

- **Purple** - Completed projects
- **Red** - Pre-development sites
- We often return to invest in nearby areas w/multiple projects
- Project portfolio:
- echelonresourcesinc.com



How We Execute Successful Projects

5

1. Capital Sources:

- Long-term relationships across multiple projects
- Regional banks & credit unions for construction, later non-recourse markets for permanent loans
- Private equity sources from partner network
- Significant personal capital at risk by principals

3. Construction:

- Vetted 3rd-party general contractor firms
- We work with specialists for every product type
- Established supplier network across VA, direct accounts
- Proven ability to deliver construction across VA & NC
- Ability to self-perform build if needed (Class A VA GC)

2. Design:

- Proven team members
- Collaborative team approach to design challenges
- Market study data driving unit type/finishes
- Direct principal involvement in details, decision-making
- We work with specialists for every product type

4. Operations:

- Vetted 3rd-party property manager firms
- Technology-driven, cloud-based tools
- Successful combo of remote tools and on-site talent
- “Happy tenants are our business model!”
- Proven ability to manage assets across VA
- Ability to self-manage if needed



Proposal Highlights

1 Address: 350 Spotswood Dr, Lexington, VA 24450

2 Acres: 2.365

3 GOAL: Approx. 62 units of new construction multi-family, stick-built & surface-parked on 93 parking spaces (1.5 ratio). 1 & 2-bedroom units targeting area professionals and retirees.

4 Purchase Price: \$350,000



Opportunity

The current site is well-positioned though underutilized. The site has underground and above-ground utility locations that challenge its redevelopment. This will be a 3-story (plus basement along Spotswood) market-rate residential complex. This will add value to surrounding area through investment in a new upscale residential community.

This upscale complex will contain 62 units, with a projected unit mix of approximately 70% 1-bedrooms and 30% 2-bedrooms. Rental rates for 1-bedroom units are projected to start in the \$1,200-1,400/month range, while 2-bedroom units are projected to start in the \$1,600-1,900/month range.

The 7/12/2019 market study by Danter & Associates, the data shows a severe shortage of available professional grade housing in Lexington. Although the overall demand far exceeds these 62 proposed units, this project will play an important role in contributing to solving the City-wide housing shortage.



WHAT WE LIKE ABOUT THE SPOTSWOOD SITE



Walkable. Connected.

Bike or walk to jobs – large employers, small, and/or creative – are just a few blocks away through beautiful scenery.



Work or Play.

Work from home or enjoy a short commute. Or relax and recreate from a tranquil, maintenance-free home setting. Enjoy your choice with either option by living here!



Entertainment and culture.

Downtown Lexington is the cultural centerpiece of the region, and a destination for arts, food, and entertainment. The site itself is adjacent to notable historic sites and neighborhoods.

HOUSING PRODUCT STRATEGY



Design for success.

Our design will focus primarily on studio and 1-bedroom units (some with offices) to allow for smaller/more-affordable units.



Why does housing matter?

Attractive and affordable housing is key to sustainable growth. Many employers choose to locate where their employees live, and attractive housing options for the professionals working in a community keeps their economic impact local to area businesses.



Style and appeal.

These will be maintenance-free “loft-style” residences, with the targeted client being the area professional and regional retiree. The quality of design and finishes will be upscale.

Concept Site Plan



PROJECT DATA

Building 1

3 Story Residential with Basement

55,813 GSF

62 units @ 750 SF each

93 Parking Spaces @ 1.5 Ratio



Project Scale/Facade Possibilities



Landscaping Concepts

LANDSCAPING

PLANT MATERIALS

The following is a list of plant materials that may be used in buffers, parks, and amenity areas:

Large Deciduous Trees

Willow Oak
Allee Elm
Black Gum
Sycamore
Tulip Tree

Small/Medium Deciduous Trees

Kousa Dogwood
Flowering Dogwood
Yoshina Cherry
Serviceberry
Redbud
Riverbirch
Saucer Magnolia

Evergreen Trees

Nellie Stevens Holly
Burford Holly
Fosters Holly
American Holly (limited use)
Loblolly & Black Pine
Cryptomeria
Green Giant Arborvitae
Eastern Red Cedar (limited use)

Large Evergreen Shrubs

Waxmyrtle
Northern Bayberry
Osmanthus
Ligustrum
Prague Viburnum

Festive Red & Robins Holly
Elaeagnus
Schip Laurel

Medium Shrubs

Hoogendorn/Soft Touch Holly
Carissa Holly
Dwarf Burford Holly
Otto Luyken Laurel
Azaleas
Nandina (Harbor Belle, Sienna Sunrise, Gulfstream)
Confetti Abelia
Red-twig Dogwood
Sweetspire
Knock-out Rose
Ruby Loropetalum
Barberry
India Hawthorne
Burning Bush
Camelia

Accent Plantings

Fountain Grass
Miscanthus
Hydrangea
Daffodils
Daylily
Tulips
Black-eyed Susan
Liriope
Snow Mountain Spiraea
Purple Cone Flower



ALLEE ELM



SERVICEBERRY



NELLIE STEVENS HOLLY



NANDINA

Fiscal Net Benefit: \$2,208,041.62

1
2

Cost Benefit Analysis											
	Base Year	BY+1	BY+2	BY+3	BY+4	BY+5	BY+6	BY+7	BY+8	BY+9	BY+10
Costs											
Estimated Wholesale Water/Sewer Increase			\$ 17,009.46	\$ 35,039.48	\$ 36,090.67	\$ 37,173.39	\$ 38,288.59	\$ 39,437.25	\$ 40,620.37	\$ 41,838.98	\$ 43,094.15
Capital Loss from Property Sale											
Relocation of Sewer Line (50% Cost Share)											
Waived Utility Connection Fees	\$ 23,534.00										
Total Costs (Future Value)	\$ 23,534.00	\$ -	\$ 17,009.46	\$ 35,039.48	\$ 36,090.67	\$ 37,173.39	\$ 38,288.59	\$ 39,437.25	\$ 40,620.37	\$ 41,838.98	\$ 43,094.15
Total Costs (Present Value)	\$ 23,534.00	\$ -	\$ 16,348.96	\$ 33,018.49	\$ 33,342.20	\$ 33,669.08	\$ 34,186.24	\$ 34,594.08	\$ 35,017.56	\$ 35,456.76	\$ 35,911.79
											TOTAL PV COSTS
											\$ 315,079.15
Benefits											
Sale of Property	\$ 350,000.00										
Estimated Real Estate Tax		\$ 13,600.00	\$ 13,600.00	\$ 91,603.00	\$ 91,603.00	\$ 91,603.00	\$ 96,183.15	\$ 96,183.15	\$ 96,183.15	\$ 100,992.31	\$ 100,992.31
Estimated PPT			\$ 26,350.00	\$ 52,700.00	\$ 52,700.00	\$ 52,700.00	\$ 52,700.00	\$ 52,700.00	\$ 52,700.00	\$ 52,700.00	\$ 52,700.00
Estimated Meals Tax			\$ 9,077.12	\$ 18,154.24	\$ 18,154.24	\$ 18,154.24	\$ 18,154.24	\$ 18,154.24	\$ 18,154.24	\$ 18,154.24	\$ 18,154.24
Estimated Sales Tax			\$ 10,596.07	\$ 13,369.52	\$ 18,435.75	\$ 20,718.23	\$ 25,586.52	\$ 25,586.52	\$ 25,586.52	\$ 25,586.52	\$ 25,586.52
Estimated Water/Sewer Revenue			\$ 36,333.13	\$ 77,026.23	\$ 81,647.81	\$ 86,546.67	\$ 91,739.47	\$ 97,243.84	\$ 103,078.47	\$ 109,263.18	\$ 115,818.97
Estimated Building Permit Fees		\$ 20,253.33	\$ 20,253.33	\$ 20,253.33							
Total Benefits (Future Value)	\$ 350,000.00	\$ 33,853.33	\$ 116,209.66	\$ 273,106.33	\$ 262,540.81	\$ 269,722.15	\$ 284,363.39	\$ 289,867.76	\$ 295,702.39	\$ 306,696.25	\$ 313,252.05
Total Benefits (Present Value)	\$ 350,000.00	\$ 33,189.54	\$ 111,697.09	\$ 257,354.20	\$ 242,547.12	\$ 244,295.66	\$ 253,895.88	\$ 254,269.96	\$ 254,915.85	\$ 259,912.08	\$ 261,043.37
											TOTAL PV BENEFITS
											\$ 2,523,120.77

Present Value Discount Rate 2%

- Assumptions:
- * 12 month due diligence period after contract execution
 - * 62 total units developed in 12 month period after Base Year; total build out complete in Year BY+2; 50% occupied in BY+2
 - * Occupancy Factor of 1.5 (mix of one- and two-person occupancies)
 - * Assume 50% Occupancy in BY+2, and 100% occupancy in BY+3
 - * MSA Rates Assume Average 3% Increase Annually
 - * City Water/Sewer Rates Assume Average 6% Increase Annually (Wholesale Cost + City Operations & Capital)
 - * Assume Flat Tax Rates, RE Reassessment Every 3 Years
 - * PPT Increases Assume 1 Vehicle Per Unit; Meals and Sales Tax Estimates Based on Per Capita Amonunts (Actuals/Population+Projected Population Increase)
 - * Building Permit Fee at 0.70% of construction costs
- Method: $PV = nb1/(1+r)^1 + nb2/(1+r)^2 + nb3/(1+r)^3$ etc.

Cost Benefit Analysis	
Total PV Benefits	\$ 2,523,120.77
Total PV Costs	\$ 315,079.15
NET BENEFIT	2,208,041.62

Using the City's cost-benefit analysis spreadsheet template, it is estimated that this project will generate \$2,523,120 in gross tax revenue over a 10 year period, inclusive of the 2 year period for entitlements and construction. Once built, the project will generate on average \$250,000± in tax revenue to the City each year.

Schedule

- Study Period: 12 months from the date of a fully executed Purchase Agreement. This time shall be used to refine the overall project design, to complete the rezoning/CUP process, and to secure all permits necessary to begin construction.
- Closing: Within 30 days following the expiration of the Study Period.
- Construction: Our proposal includes a contractual obligation to begin construction within 12 months of Closing on the property, and complete construction within 24 months of commencing construction.

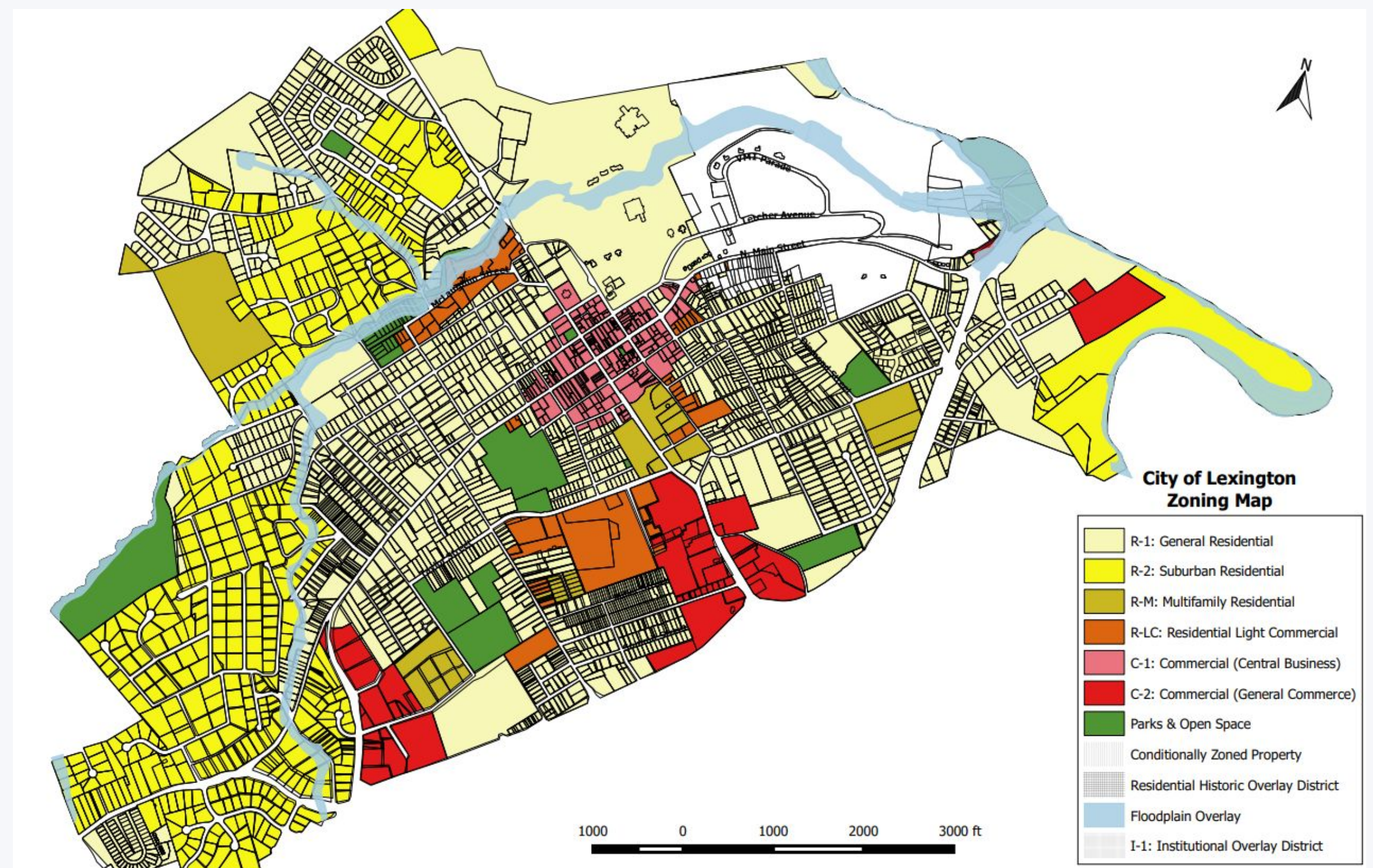


Zoning

The current zoning designation is R-LC (Residential Light Commercial), which allows multifamily dwellings with a Conditional Use Permit.

Our intention is not to rezone the property, but rather to secure the needed Conditional Use Permit and then develop the site under the current R-LC zoning.

The proposed unit count of 62 units will not require an exception to the density under this proposed zoning.



Proposal Adjustments

Based on feedback from the prior community listening sessions, our revised proposal now:

- Reduces the unit count from 150 down to 62 units
- Lowers the building height (3 full stories plus a basement story fronting Spotswood)
- Provides flexibility to increase the parking ratio beyond the zoning requirements
- Moves the massing of the proposed building farther away from Houston Street
- Increases the buffer between the building itself and the Houston Street properties to exceed zoning requirements

It is our hope that these adjustments address the density, traffic, massing, height, and parking concerns raised previously.



Thanks for your time.
Questions?